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Report on Gbedemah talks. (Based on uncleared memorandum of conversation.)

1. Gbedemah has been reassured that US and IBRD position re financing Akosombo Dam and power plant unchanged. Saw Secretary twice at latter's invitation.

2. In talks with IBRD and US agencies Gbedemah made urgent plea to arrange financing now for construction added distribution grid pari passu with power plant, stressing need show Ghana people that benefits power plant not limited to smelter and Accra-Tema area. Black of IBRD proposed Ghana finance half estimated total cost $28 million and IBRD arrange financing other half from unspecified sources with participation by IBRD and USG to extent necessary. (IBRD will seek German participation.) Department agreed. Gbedemah informed; told Black this satisfactory although said did not want give up hope obtaining ICA grant for half total cost on ground grid may be considered social infrastructure. Both Black and Department discouraged grant request. Gbedemah's second position was half DLF. Black told him best arrangement is one-fourth DLF.

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DLF, one-fourth IBRD, one-half GOG. Gbedemah told Secretary he hopes for precise offer when he returns to US in about six weeks; would send written request mea[illegible]ile.

3. Gbedemah inquired status US-VALCO negotiations re smelter financing; was told urgent talks in progress and we are hopeful agreed solution can be worked out in time meet schedule.

4. IBRD informed Department of hassle over composition of Board Directors of Power Authority. With Nkrumah as Chairman, GOG proposes include Chief Executive of Authority, also wants include Chief Finance Officer. IBRD objects to two-headed organization, insists would not work. GOG proposal has passed Cabinet but not Parliament. Legislation must be satisfactory to IBRD. Although Gbedemah said his instructions did not permit him accept IBRD position, Black was adamant.

5. On Bui Dam, Gbedemah contended no final decision made. Russians will prepare plans and study on marketing of power. He recognized Bui would compete for Kumasi power market, believes this and question water level will be resolved with due recognition Akosombo needs.

6. Re limit on total development expenditures acceptable to IBRD, latter satisfied with Gbedemah's assurance he will keep such expenditures within £190-200 million pounds for five years.

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